

Inter-Office Memo

Atari Games Corporation

To: ALL EMPLOYEES

From: HUMAN RESOURCES

Subject: Family Rights Act of 1991

Date: June 10, 1992

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The Family Rights Act of 1991 took effect January 1, 1992, this legislation allows California workers to take an unpaid leave of absence for up to four months for the care of family members. Under this legislation, an employer must grant an employee with more than one year of continuous employment a leave of absence of up to four months for the following circumstances:

- 1) The birth of a child
- 2) Adoption of a child
- 3) To care for a seriously ill child, spouse or parent.

The four month leave may be used during any 24-month period (measured from the first date of leave) and need not be taken consecutively. Employees will be required to use any accrued vacation or other accrued time off (paid or unpaid), however accrued sick leave need not be used. Employees taking four months or more pregnancy disability leave are limited to only one month's family care leave if the leaves are taken "back-to-back".

Reasonable advance notice is required if the need for family care leave is foreseeable. If the need is foreseeable, the employee must also make reasonable efforts to schedule the leave so as to not disrupt the employer's operations. Atari Games will require employees to furnish a doctor's certificate describing the health condition of the family member for whom they must care, and establishing the anticipated duration of the care period.

An employee returning from a family care leave must have no less seniority than the employee had at the beginning of the leave for purposes of layoff, recall, promotion, job assignment, and seniority based benefits, such as vacation. The employer must guarantee the employee the same or a comparable position upon his/her return from leave. Employees on family care leave are entitled to participate in health plans, pension and retirement plans.

Exceptions to the law are as follows:

1. The employee seeks a leave in excess of four months in any 24-month period.
2. Both spouses may not take family care leave at the same time and both spouses are limited to a combined total of four months leave in any 24-month period. Employees are not eligible for leave to care for a sick child if their spouse is unemployed.
3. The leave would create an "undue hardship" on the employer's business operation.
4. The employee is among the employer's highest paid employees.